

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan ☐ a DFE (specify) ____		
B	This return/report is:	☐ the first return/report ☐ the final return/report	
	☐ an amended return/report ☐ a short plan year return/report (less than 12 months)		
C	If the plan is a collectively-bargained plan, check here. ▶ ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program	
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>NESTLE PENSION PLAN</u>	1b	Three-digit plan number (PN) ▶ <u>100</u>
		1c	Effective date of plan <u>01/01/1989</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>NESTLE USA, INC.</u> <u>30500 BAINBRIDGE RD</u> <u>OLON, OH 44139-2205</u>	2b	Employer Identification Number (EIN) <u>95-1572209</u>
		2c	Plan Sponsor's telephone number <u>440-349-5757</u>
		2d	Business code (see instructions) <u>311900</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2018	SHARON M. STRASSHOFFER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2018	RUSSELL NISWANDER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 50288
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 27320
a(2) Total number of active participants at the end of the plan year	6a(2) 24321
b Retired or separated participants receiving benefits	6b 11188
c Other retired or separated participants entitled to future benefits	6c 8832
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 44341
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 2969
f Total. Add lines 6d and 6e	6f 47310
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 696
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 1C 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ 0 **A** (Insurance Information)
- (4)** ☐ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **Round off amounts to nearest dollar.**
▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>NESTLE PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>100</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
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Part I	Basic Information
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1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2017</u>			
2 Assets:			
a Market value	2a	<u>3647174526</u>	
b Actuarial value	2b	<u>3647174526</u>	
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	<u>14268</u>	<u>975059778</u>	<u>975059778</u>
b For terminated vested participants	<u>8934</u>	<u>367741836</u>	<u>367741836</u>
c For active participants	<u>28282</u>	<u>1104179484</u>	<u>1190866820</u>
d Total	<u>51484</u>	<u>2446981098</u>	<u>2533668434</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	<u>5.84 %</u>	
6 Target normal cost	6	<u>117990066</u>	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		
	Signature of actuary	<u>10/09/2018</u>
<u>JEREMY L. SEVCIK</u>		Date
	Type or print name of actuary	<u>17-06465</u>
<u>TOWERS WATSON DELAWARE INC.</u>		Most recent enrollment number
	Firm name	<u>949-224-6536</u>
<u>2010 MAIN STREET, SUITE 1050</u>		Telephone number (including area code)
<u>IRVINE, CA 92614-7206</u>		
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	868079531	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	868079531	0
10 Interest on line 9 using prior year's actual return of <u>8.80</u> %	76426890	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		66685352
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.98</u> %		3987784
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		70673136
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	944506421	0

Part III Funding Percentages

14 Funding target attainment percentage	14	106.67%
15 Adjusted funding target attainment percentage	15	143.92%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	142.89%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/31/2018	74464500	0			
04/02/2018	74464500	0			
07/31/2018	66000000	0			
Totals ▶			18(b)	214929000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	199740871

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions)	☐ Prescribed - combined	☒ Prescribed - separate	☐ Substitute	

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	117990066	
b Excess assets, if applicable, but not greater than line 31a	31b	117990066	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	0		0
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	199740871	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	199740871	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years	☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010 ☐ 2011
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

<div>SCHEDULE D (Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017					
A Name of plan NESTLE PENSION PLAN				B Three-digit plan number (PN) ▶ 100	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.				D Employer Identification Number (EIN) 95-1572209	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: NESTLE IN THE USA PENSION TRUST					
b Name of sponsor of entity listed in (a): NESTLE USA, INC.					
c EIN-PN 36-7324184-101		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3814007022	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
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b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>NESTLE PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>100</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	71215000	214929000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	162880108	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	3413605974	3814007022
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	3647701082 4028936022
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	3647701082 4028936022

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	214929000
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers)	2a(1)(C)	
(2)	Noncash contributions	2a(2)	2596066
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	217525066
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		440894963
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		658420029

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	274589023	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	2596066	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		277185089
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		277185089

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		381234940
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: KPMG LLP

(2) EIN: 13-5565207

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4085555. (See instructions.)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2017</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan NESTLE PENSION PLAN		B Three-digit plan number (PN) ► 100
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.		D Employer Identification Number (EIN) 95-1572209
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 36-3046063		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3 2022
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2017 v. 170203		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a	Name of contributing employer		
b	EIN	c	Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____		
e	Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)		
	(1) Contribution rate (in dollars and cents) _____		
	(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____		
a	Name of contributing employer		
b	EIN	c	Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____		
e	Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)		
	(1) Contribution rate (in dollars and cents) _____		
	(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____		
a	Name of contributing employer		
b	EIN	c	Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____		
e	Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)		
	(1) Contribution rate (in dollars and cents) _____		
	(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____		
a	Name of contributing employer		
b	EIN	c	Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____		
e	Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)		
	(1) Contribution rate (in dollars and cents) _____		
	(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____		
a	Name of contributing employer		
b	EIN	c	Dollar amount contributed by employer
d	Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____		
e	Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)		
	(1) Contribution rate (in dollars and cents) _____		
	(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____		

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☒

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 23.0% Investment-Grade Debt: 50.0% High-Yield Debt: 3.0% Real Estate: 9.0% Other: 15.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☒ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



NESTLÉ PENSION PLAN

Financial Statements

December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

NESTLÉ PENSION PLAN

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Statement of Changes in Accumulated Plan Benefits, Year ended December 31, 2017	6
Notes to Financial Statements	7

All schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA) have been omitted because all investments are held in a master trust or because there is no other information to report.



KPMG LLP
One Cleveland Center
Suite 2600
1375 East Ninth Street
Cleveland, OH 44114-1796

Independent Auditors' Report

The Plan Administrator
Nestlé Pension Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nestlé Pension Plan (the Plan), which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2017 and 2016, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in notes 5, 7, and 8, which was certified by The Northern Trust Company, the trustee of the Nestlé in the USA Pension Trust (Trust) in which the Plan participates, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Trust's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2017 and 2016, and for the year ended December 31, 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

**Report on Form and Content in Compliance With DOL Rules and Regulations**

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

Cleveland, Ohio
October 10, 2018

NESTLÉ PENSION PLAN

Statements of Net Assets Available for Benefits

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Investments, at fair value (notes 5, 7 and 8):		
Plan interest in Nestlé in the USA Pension Trust	\$ 3,814,007,022	3,413,605,974
Receivable from other plan	<u>—</u>	<u>162,880,108</u>
Net assets available for benefits	<u>\$ 3,814,007,022</u>	<u>3,576,486,082</u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2017

Investment income:

Plan interest in Nestlé in the USA Pension Trust investment income	\$ 451,479,890
Total investment income	<u>451,479,890</u>

Contributions:

Employer contributions	71,215,000
Reimbursement from group annuity contract (note 2(e))	<u>2,596,066</u>
Total contributions	<u>73,811,066</u>

Deductions:

Benefits paid to participants	274,589,023
Benefits paid on behalf of group annuity contract (note 2(e))	2,596,066
Investment and administrative expenses	<u>10,584,927</u>
Total deductions	<u>287,770,016</u>

Net increase	237,520,940
--------------	-------------

Net assets available for benefits, beginning of year	<u>3,576,486,082</u>
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Net assets available for benefits, end of year	<u><u>\$ 3,814,007,022</u></u>
--	--------------------------------

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statements of Accumulated Plan Benefits

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	\$ 1,118,629,941	1,011,707,454
Other participants	<u>1,567,138,804</u>	<u>1,526,261,634</u>
	2,685,768,745	2,537,969,088
Nonvested benefits	<u>55,991,583</u>	<u>84,269,157</u>
Total actuarial present value of accumulated plan benefits	\$ <u><u>2,741,760,328</u></u>	<u><u>2,622,238,245</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

Statement of Changes in Accumulated Plan Benefits

Year ended December 31, 2017

Actuarial present value of accumulated plan benefits at beginning of year	\$ 2,622,238,245
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial gains	106,915,262
Decrease in discount period	149,216,616
Benefits paid	(274,589,023)
Other assumption changes (note 2(c))	<u>137,979,228</u>
Actuarial present value of accumulated plan benefits at end of year	\$ <u><u>2,741,760,328</u></u>

See accompanying notes to financial statements.

NESTLÉ PENSION PLAN

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(1) Description of the Plan

The following description of the Nestlé Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan covering salaried and certain hourly employees of Nestlé USA, Inc. and participating affiliated companies (Company or Plan Sponsor) as defined under the Plan document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective December 31, 2016, the assets and related accumulated benefit obligations of the Nestlé Infant Nutrition Plan were merged into the Plan. None of the Plans' provisions were materially changed as a result of the merger.

(b) Pension Benefits

With the exception of Nestlé Purina hourly employees subject to a career average pay formula, effective January 1, 2016, the Plan is closed to new entrants. Participating employees are eligible to receive benefits under the Plan document as follows:

(i) Traditional Benefit

Participants hired prior to May 1, 2003, who chose to remain on the Traditional formula during the pension choice period, with three or more years of vesting service are entitled to pension benefits beginning at normal retirement age of 65. The normal retirement benefit is determined based upon years of credited service, as defined, and the average of the participant's highest three consecutive years of pensionable earnings during the ten-year period prior to retirement (average annual compensation). The Plan permits retirement as early as age 55, but with a reduced benefit. The normal form of benefit payment is the Life Annuity Form for participants who are not married on the benefit commencement date and the Spouse's Annuity Form for participants who are married on the benefit commencement date. Subject to certain restrictions of the Plan, participants may elect to receive the value of their benefits as a life annuity, a lump-sum distribution, a ten-year certain annuity, or a joint-and-survivor annuity. Additionally, certain Nestlé Purina employees may be covered under an alternative final average pay formula or a career average pay formula subject to different normal and optional forms of payment. The Nestlé Purina career average pay formula remains open to new participants hired into covered employment.

Effective April 1, 2015, the Plan was amended to universally offer commencement of benefits and a lump sum option at any age once employment ends.

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(ii) *Account Benefit*

All participants hired after May 1, 2003, and prior to January 1, 2016, and participants hired prior to May 1, 2003, who chose the Account formula during the pension choice period with three or more years of vesting service are entitled to pension benefits upon termination of employment.

Participants earn an annual percentage based on the sum of the participant's age and years of vesting service (or points) for each year of credited service in the Plan. Upon termination, the annual percentages are added together to determine the final pension percentage. The final pension percentage is multiplied by the average of the participant's highest five consecutive years of pensionable earnings during the most recent ten-year period. The formula is expressed as a lump sum; however, the normal form of payment is the Life Annuity Form for participants who are not married on the benefit commencement date and the Spouse's Annuity Form for participants who are married on the benefit commencement date. Subject to certain restrictions of the Plan, participants may elect to receive the value of their benefit as a lump-sum distribution, a life annuity, or a joint-and-survivor annuity. Additionally, certain Nestlé Purina employees may be covered under an alternative account benefit formula subject to different normal and optional forms of payment.

(iii) *Other Benefits*

Other plan provisions with limited applicability may also apply to former employees of acquired businesses such as Carnation, Continental Baking Company and Gerber Life.

(c) Death and Disability Benefits

(i) *Traditional Benefit*

If an active participant dies after completing three years of vesting service, a death benefit may be paid to the participant's qualified surviving spouse. The amount of the benefit paid to the surviving spouse is computed with reference to the early retirement and vested immediate commencement factors of the Plan. Participants who meet the Plan's disability eligibility requirements may continue accruals under the Plan.

(ii) *Account Benefit*

If an active participant dies, the participant's designated beneficiary will receive the value of the benefit. If the beneficiary is a spouse, the spouse may elect to receive the account benefit as either a lump sum or a life annuity. If the beneficiary is not a spouse, the account benefit is paid as a lump sum. Participants who meet the Plan's disability eligibility requirements may continue accruals under the Plan.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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(b) Investment Valuation

Plan assets are held in the Nestlé in the USA Pension Trust (Pension Trust), which was established by the Company for the pooled investment of assets for various qualified pension plans sponsored by the Company. The Pension Trust is maintained by The Northern Trust Company, as trustee.

The Pension Trust investments are stated at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

Purchases and sales of securities are recorded on a trade-date basis. Interest and other income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Pension Trust's gains and losses on investments bought and sold as well as held during the year.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

The accumulated plan benefits for active employees are based on credited service and the average of either the highest three or five years of pensionable earnings, as defined, (i.e., total compensation, including bonuses and overtime) during the last ten calendar years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an independent actuary, Willis Towers Watson, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements due to death, disability, termination, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were as follows:

	2017	2016
Life expectancy of participants	RP-2014 with Modified MP-2016 projection	RP-2014 with Modified MP-2016 projection
Retirement age	Varying by age	Varying by age
ASC 960 discount rate and expected return on Plan assets	5.40%	6.00%

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The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(d) Administrative Expenses

The Plan allows for administrative expenses such as trustee fees, investment management fees, actuarial valuation fees, accounting fees, and recordkeeping fees to be paid from Plan assets.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

A small portion of Plan benefits is payable by Metropolitan Life Insurance Company (MetLife) as a result of the Company's purchase of annuity contracts for certain former participants in the contributory Carnation Employees Retirement Plan Number Two. The remaining portion of Plan benefits are payable by the Plan and are included in the present value of accumulated plan benefits. For some of the former Carnation employees, the Plan benefits have commenced, and continue to be paid, by the trustee, with MetLife reimbursing the Plan for any portion of said benefits that were previously purchased by the employee contributions.

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

(g) Risks and Uncertainties

The Pension Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

(h) Derivative Financial Instruments

The Pension Trust accounts for derivatives and hedging activities in accordance with ASC 815, *Derivatives and Hedging*, which requires that all derivative instruments not qualifying for hedge accounting be recorded on the statements of net assets available for benefits at their respective fair values.

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The Pension Trust uses derivatives for the benefit of the plans in the Pension Trust as a tool to reduce risk and as an investment strategy. The Pension Trust will enter into the following types of derivative instruments: interest rate swaps, credit default swaps (CDS), equity swaps, commodity swaps, financial futures, commodities futures, foreign exchange forward contracts and options, and swaptions and options. The derivative instruments outstanding as of period-end and the amounts of realized and unrealized gains and losses, as well as other income on derivative instruments during the period (as disclosed in the derivatives tables in note 7), serve as indicators of the volume of derivative activity for the Pension Trust. Derivative strategies involve risk and like other investments, can lose money. The impact on Pension Trust performance can be positive or negative, and will vary depending on market movements.

The Pension Trust manages interest rate risk using interest rate swaps and/or U.S. Treasury futures (interest rate hedge). The objective of the interest rate hedge is to manage the effective duration of the Pension Trust's assets to better match its defined benefit obligations, thereby protecting the funded ratio of the Pension Trust as interest rates fluctuate. Interest rate swaps and futures used in this manner adjust interest rate and yield curve exposures and substitute for physical securities.

The Pension Trust also uses derivatives as a substitute for physical securities in order to gain exposure to certain asset classes. Using derivatives instead of physical securities may be a more efficient means to gain exposure to an index or a market sector due to its characteristics of increased liquidity and reduced transaction costs. Using derivatives may also reduce the need to sell assets when there is a difficult trading environment. These derivatives are used to create credit, equity, and foreign exchange exposures.

The Pension Trust uses a mix of equity, fixed income, and foreign exchange futures to securitize a cash position. Use of these derivatives enables the cash of the Pension Trust to earn a return as if it were invested in the various asset classes as defined by the strategic asset allocation. It allows the Pension Trust to retain liquidity and flexibility, while still earning equity, fixed income, or foreign exchange returns.

The Pension Trust manages credit risk through use of CDS. These derivatives are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure (selling protection), obligating the Pension Trust to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure (buying protection) providing the right to "put" (sell) bonds to the counterparty in the event of a default.

The Pension Trust has managed the foreign currency risk inherent in international equity portfolios through the use of foreign exchange forwards, which are foreign exchange transactions that have settlement periods longer than three days. The Pension Trust also uses foreign exchange forwards and currency options as an investment strategy.

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Counterparty risk for swaps and forwards that are not cleared through a central exchange is mitigated through the use of International Swaps and Derivatives Association (ISDA) standardized agreements that require gains and losses owed to and from the counterparty to be agreed daily, and gains or losses to be collateralized with cash. For futures, the gain (loss) is calculated and funds are transferred to and from the Pension Trust on a daily basis, based on the prior day's market valuation. The types of counterparties are large banks and brokers, and the investment managers each have netting arrangements within their accounts to reduce the exposure to any single counterparty.

Holding derivatives has a significant impact on cash flow. Daily mark to markets and accumulated gains and losses can be large, depending on the volatility of the markets. The Pension Trust has maintained the liquidity necessary to settle any losses under a variety of market conditions, including the most severe.

(i) Foreign Currency

The Pension Trust's investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Pension Trust does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net appreciation and depreciation from investments.

(j) Recently Issued Accounting Standards

In February 2017, the FASB issued ASU 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*, which changes the presentation and disclosures for plans that participate in a master trust. ASU 2017-06 introduces a new concept of plans having divided or undivided interest in the master trust. Plans with an undivided interest have a proportionate share in the master trust and plans with a divided interest have a specific share in each asset of the master trust. The requirement to disclose percentage interest in the master trust was removed for plans with a divided interest in the master trust. Upon adoption, plans will be required to disclose the dollar amount of the plan's interest in each of the general types of investments held by the master trust, as well as the master trust's other assets and liabilities and the dollar amount of the plan's interest in each of those other assets and liabilities. The Plan is currently evaluating this issued but not yet effective accounting standard, and has not yet determined the impact to the financial statements. The accounting standard is effective for the Plan year beginning after December 15, 2018.

(3) Funding Policy

The funding policy of the Plan Sponsor is to make contributions for each plan year in an amount not less than the minimum required contribution under the law and not more than the maximum tax-deductible contribution. The Company may vary its contribution level, if appropriate to its tax and cash position and the Plan's funded status. Contributions made for the Plan year ended December 31, 2017 were \$71,215,000 and met the Company's policy.

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(4) Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations. The assets allocated to each participant would be distributed through either (a) continuance of the trust fund that is attributable to the current Plan or establishment of a new trust fund, and/or (b) purchase of annuity contracts. In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees, which is adjusted periodically.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

(5) Trustee Certifications

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained certifications from The Northern Trust Company, the trustee of the Pension Trust in which the Plan participates, as of December 31, 2017 and 2016, and for the year ended December 31, 2017, that all of the information provided by them is complete and accurate. Information included in the accompanying financial statements and notes thereto, as to investments and investment income (loss), is presented in reliance upon those certifications, with the exception of the Pension Trust's investments in real estate funds, hedge funds, and venture capital and partnership funds and the leveling of investments. These investments are held by the investment fund managers, who report the net asset values of the Pension Trust's interests to the Company and trustee on a periodic basis. Information included in the accompanying financial statements related to these funds is based upon these net asset values as of December 31, 2017 and 2016.

(6) Parties in Interest

During the years ended December 31, 2017 and 2016, Nestlé in the USA Pension Trust had parties in interest that included Plan Sponsor, trustee, investment advisory, legal, actuarial, and administrative service providers. The fees paid by the Pension Trust to these parties in interest were \$12,387,199 for the year ended December 31, 2017. The Plan's share of these expenses was \$10,584,927 for the Plan year ended December 31, 2017. In addition, the Pension Trust also invested in the common stock of The Northern Trust Company. The fair value of this investment was \$0 and \$1,647,425 as of December 31, 2017 and 2016, respectively.

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(7) Interest in Nestlé in the USA Pension Trust

The assets of the Plan are invested in the Pension Trust, in which the assets of the Plan are combined with the assets of other affiliated Company plans for investment purposes.

Pursuant to the trustee's method of allocating the investment holdings between the plans, contributions into the Pension Trust are treated as additions in the Pension Trust, withdrawals are treated as deductions in the Pension Trust, and investment income (loss) is allocated proportionately. Accordingly, the value of the Plan's investment in the Pension Trust is equal to the Plan's interest in each applicable investment increased or decreased by the Plan's allocated share in income, gains, and losses attributable to each applicable investment, which share is generally based upon the Plan's respective share of the Pension Trust's combined net assets available for benefits each month before investment income (loss) and net appreciation (depreciation) in the fair value of investments. Those investment expenses of the Pension Trust, which can be specifically identified as being applicable to the Plan, are charged to the Plan. The remaining investment expenses are allocated to the Plan based on the Plan's respective share of the Pension Trust's combined net assets available for benefits on a monthly basis.

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The Plan's equitable share of the Pension Trust's net assets was approximately 85.5% and 85.3% for the years ended December 31, 2017 and 2016, respectively. The following is financial information with respect to the Pension Trust:

	<u>2017</u>	<u>2016</u>
Investments, at fair value:		
Unencumbered investments:		
The Northern Trust Company Core Qualified Collateral Section**	\$ 99,716,566	99,309,681
Equities	678,851,991	481,905,772
Fixed income	2,395,296,972	2,178,934,290
Real estate	335,013,082	344,459,739
Venture capital and partnerships	259,007,099	275,653,399
Other investments	5,927,203	7,512,531
Hedge funds	663,717,511	640,400,304
Cash and cash equivalents*	<u>184,619,529</u>	<u>393,637,275</u>
Total unencumbered investments	<u>4,622,149,953</u>	<u>4,421,812,991</u>
Securities pledged to creditors**:		
Equities	763,976	41,321,309
Fixed income	<u>98,952,590</u>	<u>57,988,372</u>
Total securities pledged to creditors	<u>99,716,566</u>	<u>99,309,681</u>
Total assets	4,721,866,519	4,521,122,672
Payable under securities loan agreements**	(99,716,566)	(99,309,681)
Liabilities	<u>(159,761,468)</u>	<u>(229,714,204)</u>
Net Pension Trust assets	\$ <u>4,462,388,485</u>	<u>4,192,098,787</u>
Net Pension Trust assets attributable to the Plan***	\$ 3,814,007,022	3,576,486,082

* Includes pending trade sales and purchases as of year-end.

** The Pension Trust participated in a securities lending arrangement through the trustee during the years ended December 31, 2017 and 2016. The Pension Trust obtained cash and noncash collateral from the borrowers of the Plan's securities as a result of this arrangement. The collateral received from borrowers was invested in The Northern Trust Company Core Qualified Collateral Section. The noncash collateral received consisted primarily of fixed income securities and domestic equity securities.

*** For the year ended December 31, 2016, net Pension Trust assets attributable to the Plan includes the receivable from other plan of \$162,880,108.

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	<u>2017</u>	<u>2016</u>
Cash collateral	\$ 102,022,657	90,085,853
Non cash collateral	<u>147,096</u>	<u>11,692,991</u>
Total	\$ <u><u>102,169,753</u></u>	<u><u>101,778,844</u></u>

During the year ended December 31, 2017, investment income for the Pension Trust consisted of the following:

	<u>2017</u>
Net appreciation in fair value of investments	\$ 405,709,932
Interest	91,243,305
Dividends	4,647,533
Other income	<u>26,776,974</u>
	\$ <u><u>528,377,744</u></u>
Pension Trust investment income attributable to the Plan	\$ 451,479,890

As discussed in note 2(h), the Pension Trust uses derivative financial instruments as part of its investment strategy. Refer to note 8 for a description of valuation methodologies. Gains and losses on derivative financial instruments are realized in investment income (loss) on a daily basis. As of December 31, 2017 and 2016, the Pension Trust held the following derivatives:

	<u>2017</u>		<u>2016</u>	
	<u>Asset derivatives fair value</u>	<u>Liability derivatives fair value</u>	<u>Asset derivatives fair value</u>	<u>Liability derivatives fair value</u>
Derivatives not accounted for as hedging instruments:				
Interest rate	\$ 7,598,586	(4,921,066)	14,260,672	(9,233,169)
Foreign exchange	5,925,518	(10,124,851)	7,509,703	(5,904,759)
Credit	6,501,851	(2,045,632)	5,877,865	(2,313,907)
Equity	<u>68,734</u>	<u>(161,483)</u>	<u>132,980</u>	<u>(542,926)</u>
	\$ <u><u>20,094,689</u></u>	<u><u>(17,253,032)</u></u>	<u><u>27,781,220</u></u>	<u><u>(17,994,761)</u></u>

The fair values of the derivatives are located within Unencumbered Investments held by the Pension Trust in other investments in assets and liabilities, cash and cash equivalents, fixed income, and equities. There is no concentration of derivatives in any of the categories. Swap valuations are also represented in the Pension Trust Receivables and Liabilities.

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For the year ended December 31, 2017, the Pension Trust recognized in investment gain (loss) and other income the following:

	2017	
	Amount of gain (loss)	Amount of other income
Derivatives not accounted for as hedging instruments:		
Interest rate	\$ 44,311,131	2,654,831
Foreign exchange	(26,156,132)	—
Credit	2,614,607	2,149,082
Equity	31,591,468	2,679
	<u>\$ 52,361,074</u>	<u>4,806,592</u>

The gain related to the derivatives is located in the net appreciation in fair value of investments and the other income for the Pension Trust. There is no concentration of derivatives in any of the categories.

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2017:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset Financial instruments	Net collateral received	Net exposure
OTC Equities	\$ 1,549	—	1,549	—	1,525	24
OTC Foreign exchange	5,889,030	—	5,889,030	5,532,048	192,000	164,982
OTC Interest rate/credit	3,608,663	—	3,608,663	1,972,052	344,515	1,292,096
Total derivatives subject to a Master Netting Agreement (MNA)	<u>9,499,242</u>	<u>—</u>	<u>9,499,242</u>	<u>7,504,100</u>	<u>538,040</u>	<u>1,457,102</u>
Exchange cleared interest rate/credit	7,676,865	—	7,676,865	—	—	7,676,865
Exchange traded equities	67,185	—	67,185	—	—	67,185
Exchange traded foreign exchange	36,488	—	36,488	—	—	36,488
Exchange traded interest rate/credit	2,814,909	—	2,814,909	—	—	2,814,909
Total derivatives not subject to a MNA	<u>10,595,447</u>	<u>—</u>	<u>10,595,447</u>	<u>—</u>	<u>—</u>	<u>10,595,447</u>
Total derivatives	<u>\$ 20,094,689</u>	<u>—</u>	<u>20,094,689</u>	<u>7,504,100</u>	<u>538,040</u>	<u>12,052,549</u>
Securities lending pledged	\$ 99,716,566	—	99,716,566	—	99,716,566	—

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Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Foreign exchange	\$ 10,123,113	—	10,123,113	5,532,048	404,326	4,186,739
OTC Interest rate/credit	2,644,662	—	2,644,662	1,972,052	310,622	361,988
Total derivatives subject to a MNA	12,767,775	—	12,767,775	7,504,100	714,948	4,548,727
Exchange cleared interest rate/credit	3,869,209	—	3,869,209	—	—	3,869,209
Exchange traded equities	161,483	—	161,483	—	—	161,483
Exchange traded foreign exchange	1,738	—	1,738	—	—	1,738
Exchange traded interest rate /credit	452,827	—	452,827	—	—	452,827
Total derivatives not subject to a MNA	4,485,257	—	4,485,257	—	—	4,485,257
Total derivatives	\$ 17,253,032	—	17,253,032	7,504,100	714,948	9,033,984

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2016:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Foreign exchange	\$ 7,452,377	—	7,452,377	3,996,397	—	3,455,980
OTC Interest rate/credit	4,325,913	—	4,325,913	4,217,736	—	108,177
Total derivatives subject to a Master Netting Agreement (MNA)	11,778,290	—	11,778,290	8,214,133	—	3,564,157
Exchange cleared interest rate/credit	7,991,859	—	7,991,859	—	—	7,991,859
Exchange traded equities	132,980	—	132,980	—	—	132,980
Exchange traded foreign exchange	57,326	—	57,326	—	—	57,326
Exchange traded interest rate/credit	7,820,765	—	7,820,765	—	—	7,820,765
Total derivatives not subject to a MNA	16,002,930	—	16,002,930	—	—	16,002,930
Total derivatives	\$ 27,781,220	—	27,781,220	8,214,133	—	19,567,087
Securities lending pledged	\$ 99,309,681	—	99,309,681	—	99,309,681	—

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Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Foreign exchange	\$ 5,483,421	—	5,483,421	3,996,397	1,169,394	317,630
OTC Interest rate/credit	5,980,489	—	5,980,489	4,217,736	1,220,998	541,755
Total derivatives subject to a MNA	11,463,910	—	11,463,910	8,214,133	2,390,392	859,385
Exchange cleared interest rate/credit	3,457,501	—	3,457,501	—	—	3,457,501
Exchange traded equities	542,926	—	542,926	—	—	542,926
Exchange traded foreign exchange	421,338	—	421,338	—	—	421,338
Exchange traded interest rate /credit	2,109,086	—	2,109,086	—	—	2,109,086
Total derivatives not subject to a MNA	6,530,851	—	6,530,851	—	—	6,530,851
Total derivatives	\$ 17,994,761	—	17,994,761	8,214,133	2,390,392	7,390,236

(8) Fair Value Measurements

The Plan has adopted the guidance in ASC 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant judgment. The three levels are defined as follows:

- Level 1: Assets or liabilities that are valued based on unadjusted quoted prices in active markets that are accessible at measurement date.
- Level 2: Assets or liabilities that are valued based on observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, or financial instruments for which all significant inputs are observable; either directly or indirectly.
- Level 3: Assets or liabilities that are valued based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability.

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Assets and liabilities of the Pension Trust measured at fair value on a recurring basis are categorized as follows:

		December 31, 2017						
		Level 1	Level 2	Level 3	Total			
Nestlé in the USA Pension Trust assets:								
Northern Trust Core Qualified collateral section	\$	99,716,566	(i)	—	99,716,566			
Equities:								
Preferred stock		6,279,984	(a)	543,000	(b)	—	6,822,984	
Commingled funds		672,724,249	(e)	—	—	672,724,249		
Equity futures		67,185	(a)	—	—	67,185		
Options and swaps		—		1,549	(g)	—	1,549	
Total equities		679,071,418		544,549	—	679,615,967		
Fixed income:								
Mutual funds		8,252,437		—	—	8,252,437		
Collateralized obligations		—		3,987,434	(c)	421,267	4,408,701	
Corporate bonds		—		1,443,653,787	(b)	1,715,315	1,445,369,102	
Government and municipal		—		875,101,820	(f)	10,702,401	885,804,221	
Bank loans		—		18,509,949	(b)	—	18,509,949	
Futures		2,814,909		—	—	2,814,909		
Options and swaps		—		11,285,528	(g)	—	11,285,528	
Total fixed income		11,067,346	(a)	2,352,538,518	12,838,983	(h)	2,376,444,847	
Other assets:								
Foreign exchange forwards and options		5,752,896		172,622	—	5,925,518		
Other misc. assets		—		—	1,685	1,685		
Total other assets		5,752,896	(a)	172,622	(g)	1,685	(g)	5,927,203
Cash and cash equivalents:								
Cash (held at broker)		14,828,294	(a)	—	—	14,828,294		
Cash		28,636,800	(a)	—	—	28,636,800		
Short term		130,710,609	(d)	10,443,826	(d)	—	141,154,435	
Total cash and cash equivalents		174,175,703		10,443,826	—	184,619,529		
Total assets by fair value level		969,783,929		2,363,699,515	12,840,668	3,346,324,112		

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

December 31, 2017				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Payables	\$ (132,990,773)	—	—	(132,990,773)
Collateral held	(9,517,663)	—	—	(9,517,663)
Total current liabilities	(142,508,436) (a)	—	—	(142,508,436)
Equity futures	(161,483)	—	—	(161,483)
Fixed income futures	(441,108)	—	—	(441,108)
Fixed income options and swaps	(11,719)	(6,513,871)	—	(6,525,590)
Foreign exchange forwards and options	(10,094,247)	(30,604)	—	(10,124,851)
Foreign exchange futures	—	—	—	—
Total other investments	(10,708,557) (a)	(6,544,475) (g)	—	(17,253,032)
Payables under securities lending agreement	(99,716,566) (i)	—	—	(99,716,566)
Total liabilities by fair value level	(252,933,559)	(6,544,475)	—	(259,478,034)
Net pension trust assets by fair value level	\$ 716,850,370	2,357,155,040	12,840,668	3,086,846,078
Investments measured at net asset value				1,375,542,407 (j)
Net pension trust assets				\$ 4,462,388,485

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

		December 31, 2016			
		Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension Trust assets:					
Northern Trust Core Qualified collateral section	\$	99,309,681 (i)	—	—	99,309,681
Equities:					
Preferred stock		6,601,486	—	—	6,601,486
Common stock		288,588,011	—	—	288,588,011
Commingled funds		121,303,721	82,485,716	—	203,789,437
Equity futures		132,980	—	—	132,980
Total equities		416,626,198 (a)	82,485,716 (e)	—	499,111,914
Fixed income:					
Mutual funds		7,812,002	—	—	7,812,002
Collateralized obligations		—	2,786,082 (c)	5,606,190	8,392,272
Corporate bonds		—	1,162,934,836 (b)	—	1,162,934,836
Government and municipal		—	901,907,797 (f)	9,841,756	911,749,553
Bank loans		—	14,826,305 (b)	—	14,826,305
Futures		7,820,765	—	—	7,820,765
Options and swaps		—	12,317,772 (g)	—	12,317,772
Total fixed income		15,632,767 (a)	2,094,772,792	15,447,946 (h)	2,125,853,505
Other assets:					
Foreign exchange forwards and options		6,179,146	1,273,231	—	7,452,377
Foreign exchange futures		57,326	—	—	57,326
Other misc. assets		1,024	1,804	—	2,828
Total other assets		6,237,496 (a)	1,275,035 (g)	—	7,512,531
Cash and cash equivalents:					
Cash (held at broker)		22,236,450 (a)	—	—	22,236,450
Cash		88,795,638 (a)	—	—	88,795,638
Short term		282,605,187 (d)	—	—	282,605,187
Total cash and cash equivalents		393,637,275	—	—	393,637,275
Total assets by fair value level		931,443,417	2,178,533,543	15,447,946	3,125,424,906

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

December 31, 2016				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Payables	\$ (205,553,788)	—	—	(205,553,788)
Collateral held	(6,165,655)	—	—	(6,165,655)
Total current liabilities	(211,719,443) (a)	—	—	(211,719,443)
Equity futures	(542,926)	—	—	(542,926)
Fixed income futures	(2,107,993)	—	—	(2,107,993)
Fixed income options and swaps	(1,094)	(9,437,989)	—	(9,439,083)
Foreign exchange forwards and options	(5,085,050)	(398,371)	—	(5,483,421)
Foreign exchange futures	(421,338)	—	—	(421,338)
Total other investments	(8,158,401) (a)	(9,836,360) (g)	—	(17,994,761)
Payables under securities lending agreement	(99,309,681) (i)	—	—	(99,309,681)
Total liabilities by fair value level	(319,187,525)	(9,836,360)	—	(329,023,885)
Net pension trust assets by fair value level	\$ 612,255,892	2,168,697,183	15,447,946	2,796,401,021
Investments measured at net asset value				1,395,697,766 (j)
Net pension trust assets				\$ 4,192,098,787

Due to the Company's policy to diversify the holdings of the Pension Trust portfolio, there is no significant concentration of investments within any particular class of investments included above. The valuation methodologies utilized by the Plan and Pension Trust for the above investments as of December 31, 2017 and 2016, are as follows:

- (a) Based on quoted market prices in active markets.
- (b) Based on investment manager or industry pricing services of investments. Certain fixed income pricing is on a bid-evaluation basis. Institutional bid evaluations are estimated prices. Pricing vendors use models, which are generally proprietary, to arrive at the estimated prices. These prices represent the price a dealer would pay for a security. Model inputs vary depending on the type of security, but typically include trade data, institutional bids, comparable trades, dealer quotes, and news media. Market data is provided by multiple independent sources, including primary and secondary dealers, portfolio managers, and research analysts.
- (c) Collateralized mortgage valuations are based on trade and quote activity of bonds with similar features including issuer, vintage, prepayment speeds, and purpose of the underlying loan (first or second lien).

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

- (d) Cash equivalents include short term fixed income instruments whose valuations are determined based upon maturity date, issue date, and credit ratings.
- (e) Commingled funds are valued based on the daily or weekly pricing of the underlying assets to estimate the fair value of the fund as determined by the investment manager. The liquidity of these investments is determined by the redemption period and settlement period for each fund. The Pension Trust considered these and other characteristics and concluded these commingled funds have a readily determinable fair value.
- (f) Government and municipal bonds are priced by obtaining feeds from various live data sources including market makers and interdealer brokers.
- (g) Currency forwards use quoted foreign exchange rates in an active market or exchange. Over-the-counter options are valued using bid, ask/offer quotes that are binding and corroborated. Swaps are valued using the discounted cash flow method. The two legs (fixed and floating) are priced independently as the present value of their expected cash flows.
- (h) Certain fixed income securities (primarily certain collateralized obligations) are valued based upon evaluated prices using unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes).
- (i) Fair value is based on the net asset value of the Core Collateral Fund as determined daily, by the trustee, using market prices of underlying investments and evaluations supplied by industry pricing vendors.
- (j) Investments measured at net asset value include commingled funds, alternative fixed income investments, real estate funds, hedge funds, and private equity funds. The net asset values are reported to the Company and trustee by the fund managers or the general partners of the fund. These net asset values are based on the fair value of the underlying portfolio investments held by the investment fund.

These fair values are determined by a variety of methods: commingled funds are valued based on the market value of all of the securities owned by a fund, minus its total liabilities divided by the number of shares issued; real estate investments are valued at appraised values plus undistributed rental and interest income; hedge funds are valued by the investment manager using quoted market prices of underlying investments and evaluations supplied by industry pricing vendors; and private equity investments are valued using income and market based analysis.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

A summary of the nature and risks of the investments and unfunded commitments that are valued using a net asset value (NAV) for the year ended December 31, 2017 and 2016, is as follows:

	2017		2016		Redemption frequency	Redemption notice period
	Net asset value	Unfunded commitments	Net asset value	Unfunded commitments		
Commingled funds	\$ —	—	24,115,167	—	Monthly	15th of prior month
Hedge funds	663,717,511	—	640,400,304	—	Monthly, quarterly	70–90 days
Fixed income – redeemable	47,953,522	—	35,656,367	9,790,002	Annually	90 days
Fixed income – not redeemable	69,851,193	—	75,412,790	—	Not redeemable	N/A
Real estate funds – open end	222,651,716	7,473,518	207,393,008	9,814,645	Quarterly	45–90 days
Real estate funds – closed end	112,361,366	28,191,974	137,066,731	29,167,852	Not redeemable	N/A
Private equity and infrastructure	259,007,099	63,319,500	275,653,399	74,217,424	Not redeemable	N/A
	<u>\$ 1,375,542,407</u>	<u>98,984,992</u>	<u>1,395,697,766</u>	<u>122,989,923</u>		

The Pension Trust's investments measured at net asset value are in commingled funds, venture capital, infrastructure, real estate, hedge funds, and fixed income partnerships. These investments are primarily limited partnership investments and the fair value is determined using an audited net asset value (NAV). The fair value of investments is estimated using techniques that may rely heavily on the investment managers' assumptions and qualitative observations. The Pension Trust uses the fair valuations from the investment managers and reviews and validates their valuation methods and processes throughout the year. The Pension Trust did not make any adjustments to any valuations. The Pension Trust establishes and follows valuation policies and procedures. The Pension Trust employs specialized investment consultants who perform due diligence on the valuation policies and procedures of the general partners before making the investments and periodically thereafter. Using their own procedures and systems, they evaluate the reasonableness of the partnerships' NAVs on a monthly and quarterly basis using industry comparisons, operating performance metrics and they conduct frequent reviews with the general partners. The Pension Trust periodically evaluates the fair valuation policies and procedures of these specialized investment consultants and requests and reviews the valuation policies of the investment managers and general partners annually. The Pension Trust retains discretion to sell any of these investments at an amount other than the net asset value, should there be an investment case to sell these investments in the secondary market.

A summary of changes in the fair value of Level 3 assets and liabilities for the years ended December 31, 2017, is as follows:

	December 31, 2016	Gross purchases, issuances, and transfers	Gross sales and settlements	Unrealized gains (losses)	Realized gains	December 31, 2017
Fixed income	\$ 15,447,947	(4,274,471)	391,900	1,232,360	41,247	12,838,983
Other assets	—	1,805	—	(120)	—	1,685
	<u>\$ 15,447,947</u>	<u>(4,272,666)</u>	<u>391,900</u>	<u>1,232,240</u>	<u>41,247</u>	<u>12,840,668</u>

The significance of transfers between levels is evaluated based upon the nature of the financial instrument and size of the transfer relative to the total net assets available for benefits. There were no significant transfers between levels for the year ended December 31, 2017.

NESTLÉ PENSION PLAN

Notes to Financial Statements

December 31, 2017 and 2016

(9) Tax Status

The Internal Revenue Service (IRS) has determined as of January 1, 2015, and informed the Plan by a letter dated September 30, 2016, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been further amended since requesting the determination letter. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Plan Administrator evaluates tax positions taken by the Plan. The financial statement effects are recognized when the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2014.

(10) Reconciliation of Financial statements to Form 5500

Contributions of \$214,929,000 and \$71,215,000 were made by the Company during 2018 and 2017, respectively. Since the contributions were made prior to September 15 of each year, the contributions have been designated for the 2017 and 2016 plan years, respectively, for tax purposes on Form 5500. However, the Plan recognized \$71,215,000 in the 2017 financial statements, as this was the amount required to meet the minimum funding requirements and/or the Company's funding policy.

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2017 and 2016, to Form 5500:

	<u>2017</u>	<u>2016</u>
Net assets available for benefits per the financial statements	\$ 3,814,007,022	3,576,486,082
Add contributions received for current plan year	<u>214,929,000</u>	<u>71,215,000</u>
Net assets available for benefits per Form 5500	<u>\$ 4,028,936,022</u>	<u>3,647,701,082</u>

The following is a reconciliation of the Plan's employer contributions per the financial statements for the year ended December 31, 2017, to Form 5500:

	<u>2017</u>
Employer contributions per the financial statements	\$ 71,215,000
Add contributions received for current plan year in 2018	214,929,000
Less contributions received for prior plan year in 2017	<u>(71,215,000)</u>
Employer contributions per Form 5500	<u>\$ 214,929,000</u>

NESTLÉ PENSION PLAN
Notes to Financial Statements
December 31, 2017 and 2016

(11) Subsequent Events

The Plan has evaluated subsequent events through October 10, 2018, the date these financial statements were available for issuance. There were no subsequent events to report.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2017

Attained Age		Years of Credited Service									
		Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	Over 40
<25	No.	79	771	14							
	Avg. Earnings	29,124	42,478								
	Avg. Acct Balance	33	3,312								
25 - 29	No.	159	2,114	600	7						
	Avg. Earnings	36,472	52,978	62,138							
	Avg. Acct Balance	0	5,366	14,352							
30 - 34	No.	204	1,646	1,444	237	5					
	Avg. Earnings	57,564	62,671	68,694	81,469						
	Avg. Acct Balance	0	6,737	19,357	36,895						
35 - 39	No.	147	1,353	1,502	443	162	5				
	Avg. Earnings	64,127	69,955	75,564	93,708	85,737					
	Avg. Acct Balance	42	8,619	23,246	51,143	42,329					
40 - 44	No.	116	1,018	1,470	440	344	71	1			
	Avg. Earnings	63,764	75,529	78,373	96,601	96,450	97,402				
	Avg. Acct Balance	198	10,595	25,991	55,547	52,005	77,259				
45 - 49	No.	157	973	1,619	433	419	196	118	3		
	Avg. Earnings	65,313	76,631	81,218	90,386	108,021	128,056	104,931			
	Avg. Acct Balance	84	12,028	30,253	47,681	57,185	101,304	95,120			
50 - 54	No.	159	809	1,618	463	435	235	278	170	19	
	Avg. Earnings	70,988	71,701	80,673	86,502	102,530	112,324	133,825	105,949		
	Avg. Acct Balance	1,295	12,469	32,558	54,558	60,354	85,740	113,850	64,171		
55 - 59	No.	162	570	1,365	369	353	214	215	212	175	9
	Avg. Earnings	82,991	76,141	83,018	83,538	94,152	110,920	117,837	122,997	90,683	
	Avg. Acct Balance	633	14,292	38,317	59,528	52,998	73,206	82,218	62,851	43,344	
60 - 64	No.	86	235	611	205	174	142	100	80	116	58
	Avg. Earnings	71,385	69,905	74,033	84,458	93,282	101,066	103,619	99,122	113,073	81,620
	Avg. Acct Balance	1,496	15,806	36,992	65,020	33,509	81,055	20,759	32,374	19,742	30,908
65 - 69	No.	15	53	100	36	29	19	23	7	6	15
	Avg. Earnings		70,016	68,388	70,485	91,600		91,030			
	Avg. Acct Balance		19,417	37,768	60,609	41,017		50,169			
Over 70	No.	3	18	31	8	1	2	2	3	2	2
	Avg. Earnings		35,994	71,661							
	Avg. Acct Balance		9,586	51,035							

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Actuarial Assumptions and Methods — Contributions

Economic Assumptions

Interest rate basis:

▶ Applicable month	January 2017
▶ Yield curve basis	Segment rates
▶ HATFA interest corridors applied for funding and benefit restrictions	Yes
▶ ASC 960 discount rate	6.00%

Interest rates:

	For Minimum	For Maximum
▶ First segment rate	4.16%	1.57%
▶ Second segment rate	5.72%	3.77%
▶ Third segment rate	6.48%	4.73%

Annual rates of increase:

▶ Compensation	Varies by age, average 3.00%
	Sample rates:
	<u>Age</u> <u>Rate</u> :
	25 5.00%
	40 3.00%
	55 2.50%
▶ Social Security wage base	2.50%
▶ Statutory limits on compensation and benefits	2.00%
▶ Lump sum rates	4.16%/5.72%/6.48%

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date	The valuation date coincident with or next following the date on which the employee becomes a participant.
Mortality	
▶ Healthy	Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2031 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2023 using Scale AA).
▶ Disabled	Single table rates (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2023 using Scale AA).
▶ Lump sum conversion	IRC 417(e) table

Termination

Rates varying by age, service and operating company

Representative Termination Rates

▶ Nestlé Pension Plan

Percentage leaving during the year										
Participant Group	NUSA Traditional Salaried	NPPC Traditional Salaried	NUSA Traditional Hourly	NPPC Traditional Hourly		NUSA PEP Salaried		NPPC PEP Salaried		NUSA PEP Hourly
Years of Service Attained Age	All	All	All	<2	>5	<2	>5	<2	>5	<2 >5
25	19.9%	17.8%	23.0%	30.7%	18.7%	36.4%	17.9%	31.4%	16.0%	48.5% 17.5%
40	5.5%	6.4%	6.6%	17.3%	5.8%	20.5%	9.7%	16.9%	5.3%	25.5% 7.4%
50	4.0%	2.7%	3.2%	14.5%	3.21%	19.5%	7.8%	12.8%	3.3%	22.6% 5.6%

▶ Infant Nutrition

Percentage leaving during the year					
Attained Age	Years of Service				
	<2	2-3	3-4	4-5	>5
25	36.4%	30.2%	25.2%	19.1%	17.9%
40	20.5%	18.2%	12.8%	17.6%	9.7%
50	19.5%	18.1%	19.2%	8.6%	7.8%

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Disability

Rates varying by age, sex, and operating company.

Representative Disability Rates

► Nestlé Pension Plan

Percentage becoming disabled during the year

Participant Group	NUSA Traditional Salary		NPPC Traditional Salary		NUSA Traditional Hourly		NPPC Traditional Hourly		NUSA PEP Salary		NPPC PEP Salary		NUSA PEP Hourly	
	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females	Males	Females
Age														
30	0.06%	0.05%	0.03%	0.07%	0.09%	0.49%	0.05%	0.07%	0.07%	0.09%	0.05%	0.07%	0.11%	0.44%
40	0.07%	0.06%	0.04%	0.09%	0.28%	0.56%	0.06%	0.08%	0.08%	0.12%	0.06%	0.09%	0.32%	0.51%
50	0.18%	0.16%	0.10%	0.22%	0.61%	1.02%	0.15%	0.20%	0.20%	0.28%	0.15%	0.22%	0.72%	0.93%

► Infant Nutrition

Percentage becoming disabled during the year

Age	Males	Females
30	0.07%	0.09%
40	0.08%	0.12%
50	0.20%	0.28%

Retirement

Rates varying by age and operating company

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Representative Retirement Rates

► Nestlé Pension Plan

Percentage leaving during the year							
Participant Group	NUSA Traditional Salaried	NPPC Traditional Salaried	NUSA Traditional Hourly	NPPC Traditional Hourly	NUSA PEP Salaried	NPPC PEP Salaried	NUSA PEP Hourly
Attained Age							
55	8.8%	3.4%	9.7%	5.4%	9.2%	6.6%	8.1%
60	16.0%	12.6%	17.1%	17.3%	15.7%	11.0%	10.1%
62	29.3%	21.3%	28.1%	27.9%	24.5%	20.3%	21.7%
65	36.7%	40.7%	37.3%	42.9%	42.3%	36.8%	38.4%
70	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

► Infant Nutrition

Percentage leaving during the year	
Attained Age	
55	9.2%
60	15.7%
62	24.5%
65	42.3%
70	100.0%

Benefit commencement date:

Nestlé Pension Plan (Excludes Gerber Life)

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 65
- Termination benefit Immediate for lump sums; age 60 (NPP) or age 65 (NHRP) for annuities
- Disability benefit Age 65
- Retirement benefit Upon termination of employment

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date January 1, 2017

SCHEDULE SB ATTACHMENTS

Infant Nutrition and Nestlé Pension Plan (Gerber Life)

- ▶ Preretirement death benefit Upon death and eligibility for benefit
- ▶ Termination benefit Upon termination of employment and eligibility for benefit
- ▶ Disability benefit Upon disability and eligibility for benefit
- ▶ Retirement benefit Upon termination of employment and eligibility for benefit

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Form of payment

Nestlé Pension Plan (Excludes FPCB and Gerber Life)								
Married Participants								
	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	10%	0%	20%	70%	10%	0%	10%	80%
NUSA PEP	10%	0%	20%	70%	10%	0%	10%	80%
NPPC FAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC CAP	5%	5%	15%	75%	5%	5%	15%	75%
NPPC PEP	0%	0%	0%	100%	0%	0%	10%	90%
Single Participants								
	Termination Benefit				Retirement Benefit			
Participant Group	Life	Cert & Life	J&S	Lump Sum	Life	Cert & Life	J&S	Lump Sum
NUSA FAP	30%	0%	0%	70%	20%	0%	0%	80%
NUSA PEP	30%	0%	0%	70%	20%	0%	0%	80%
NPPC FAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC CAP	15%	10%	0%	75%	15%	10%	0%	75%
NPPC PEP	0%	0%	0%	100%	0%	10%	0%	90%

Nestlé Pension Plan (FPCB)

Married Participants
50% single life annuity, 50% J&S

Single Participants
100% single life annuity

Infant Nutrition and Nestlé Pension Plan (Gerber Life)

Lump sum

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Nestlé Pension Plan
95-1572209 / 100
Nestlé USA, Inc.
January 1, 2017

SCHEDULE SB ATTACHMENTS

Percent Married	75% for Gerber Life participants in Nestlé Pension Plan, 80% all other plans.
Spouse age	Wife three years younger than husband.
Covered pay	Average of prior three years' pensionable earnings, increased with one year's salary increase assumption.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.
Administrative expenses	Nestlé no longer pays administrative expenses from the pension trust.
At-risk assumptions	For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year. In addition, these participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target and PVAB	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during the year
Actuarial value of assets	Market value of assets, including contributions receivable
Funding policy	Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.
Benefits not valued	<p>All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.</p> <p>Small benefits with present values up to \$5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.</p>
Change in assumptions and methods since prior valuation	<p>The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC 430.</p> <p>The annual rate of increase for compensation was changed from 3.50% to 3.00%.</p> <p>The annual rate of increase for Social Security wage base was changed from 3.00% to 2.50%.</p> <p>The annual rate of increase for statutory limits on compensation and benefits was changed from 2.50% to 2.00%.</p> <p>The administrative expense assumption was removed from the target normal cost as Nestlé has indicated that administrative expenses, other than the cost of managing plan assets, are not paid by the trust.</p>

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Assumptions Rationale – Significant Economic Assumptions

Rates of increase in compensation and statutory limits	Assumed increases were chosen by the plan sponsor and represent an estimate of future experience.
Administrative and investment expenses	Administrative and investment expenses are determined by Nestlé at year end. For ASC 960, expected return on plan assets assumption is net of expenses.

Assumptions Rationale – Significant Demographic Assumptions

Termination	<p>Termination rates were based on an experience study conducted in 2015 for the period 2009-20013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.</p> <p>Assumed termination rates differ by age, service and plan because of observed differences in termination rates by age, service and plan.</p>
Disability	<p>Disability rates were based on an experience study conducted in 2015 for the period 2009-2013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.</p> <p>Assumed disability rates differ by gender and plan because of observed differences in disability rates by gender and plan.</p>
Retirement	<p>Retirement rates were based on an experience study conducted in 2015 for the period 2009-2013, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.</p> <p>Assumed retirement rates differ by plan because of observed differences in retirement rates by plan.</p>

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefit commencement date:

- Pre-retirement death benefit
Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available.
- Deferred vested benefit
Commencement ages were based on an experience study conducted in 2015 for the period 2009-2013. Deferred vested early commencement factors are generally not subsidized so that the difference between this approach and using assumed commencement rates at different ages is not expected to be significant.

Form of payment

The optional form of payment assumptions are based on an experience study performed in 2015 for the period 2009-2013.

For groups newly eligible for lump sums in 2015, the percentage of retiring participants assumed to take lump sums is based on observed experience for other Nestlé employee groups.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

Schedule SB - Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA, Inc.
EIN/PN	95-1572209/100
Plan Name	Nestlé Pension Plan
Valuation Date	January 1, 2017
Enrolled Actuary	Jeremy Sevcik
Enrollment Number	17-06465

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2017**This Form is Open to Public
Inspection**

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

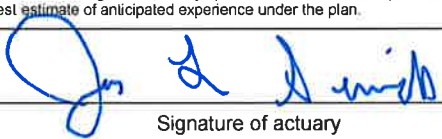
A Name of plan NESTLE PENSION PLAN		B Three-digit plan number (PN) ▶	100
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NESTLE USA, INC.		D Employer Identification Number (EIN) 95-1572209	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2017			
2 Assets:			
a Market value.....		2a	3,647,174,526
b Actuarial value.....		2b	3,647,174,526
3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....	14,268	975,059,778	975,059,778
b For terminated vested participants.....	8,934	367,741,836	367,741,836
c For active participants.....	28,282	1,104,179,484	1,190,866,820
d Total.....	51,484	2,446,981,098	2,533,668,434
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions.....		4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		4b	
5 Effective interest rate.....	5	5.84%	
6 Target normal cost.....	6	117,990,066	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		10/9/18
Signature of actuary		Date
Jeremy L. Sevcik		1706465
Type or print name of actuary		Most recent enrollment number
Towers Watson Delaware Inc.		949-224-6536
Firm name		Telephone number (including area code)
2010 Main Street, Suite 1050		
Irvine CA 92614-7206		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐**For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.****Schedule SB (Form 5500) 2017**

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	868,079,531	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year).....	0	0
9	Amount remaining (line 7 minus line 8).....	868,079,531	0
10	Interest on line 9 using prior year's actual return of <u>8.80%</u>	76,426,890	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year).....		66,685,352
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.98%</u>		3,987,784
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return.....		0
	c Total available at beginning of current plan year to add to prefunding balance.....		70,673,136
	d Portion of (c) to be added to prefunding balance.....		0
12	Other reductions in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	944,506,421	0

Part III Funding Percentages			
14	Funding target attainment percentage.....	14	106.67%
15	Adjusted funding target attainment percentage.....	15	143.92%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	142.89%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/31/2018	74,464,500	0			
04/02/2018	74,464,500	0			
07/31/2018	66,000,000	0			
Totals ▶			18(b)	214,929,000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	199,740,871

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.16 %	2nd segment: 5.72 %	3rd segment: 6.48 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	117,990,066	
b Excess assets, if applicable, but not greater than line 31a	31b	117,990,066	
32 Amortization installments:	Outstanding Balance		
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	199,740,871	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	199,740,871	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2017

Aggregate Calculation of Weighted Average Retirement Age for NPP

Retirement rates vary by participant groups. The weighted average age across all participant groups is 61.

Groups	Count	Weight	Avg Age	W*A
NUSA Traditional Salaried	1,409	4.98%	61	3.04
NPPC Traditional Salaried	410	1.45%	62	0.90
NUSA Traditional Hourly	10	0.04%	61	0.02
NPPC Traditional Hourly	2,585	9.14%	61	5.58
NUSA PEP Salaried	10,875	38.46%	60	23.07
NPPC PEP Salaried	3,833	13.55%	61	8.27
NUSA PEP Hourly	8,834	31.24%	62	19.37
Gerber Life	89	0.31%	62	0.20
Franklin Park	4	0.01%	63	0.01
Infant Nutrition	233	0.82%	61	0.50
	28,282	100.00%		61

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA Traditional Salaried

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	8.78%	91.22%	91.22%	8.78%	4.83
56	8.27%	91.73%	83.68%	7.54%	4.22
57	8.96%	91.04%	76.18%	7.50%	4.27
58	10.95%	89.05%	67.84%	8.34%	4.84
59	12.36%	87.64%	59.46%	8.38%	4.95
60	16.02%	83.98%	49.94%	9.52%	5.71
61	15.20%	84.80%	42.35%	7.59%	4.63
62	29.27%	70.73%	29.95%	12.40%	7.69
63	21.06%	78.94%	23.64%	6.31%	3.97
64	22.24%	77.76%	18.39%	5.26%	3.36
65	36.65%	63.35%	11.65%	6.74%	4.38
66	41.00%	59.00%	6.87%	4.78%	3.15
67	36.46%	63.54%	4.37%	2.51%	1.68
68	37.50%	62.50%	2.73%	1.64%	1.11
69	33.33%	66.67%	1.82%	0.91%	0.63
70	62.50%	37.50%	0.68%	1.14%	0.80
71+	100.00%	0.00%	0.00%	0.68%	0.48
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC Traditional Salaried

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	3.40%	96.60%	96.60%	3.40%	1.87
56	2.90%	97.10%	93.80%	2.80%	1.57
57	4.10%	95.90%	89.95%	3.85%	2.19
58	4.80%	95.20%	85.64%	4.32%	2.50
59	6.70%	93.30%	79.90%	5.74%	3.39
60	12.60%	87.40%	69.83%	10.07%	6.04
61	10.50%	89.50%	62.50%	7.33%	4.47
62	21.30%	78.70%	49.19%	13.31%	8.25
63	18.30%	81.70%	40.19%	9.00%	5.67
64	20.30%	79.70%	32.03%	8.16%	5.22
65	40.70%	59.30%	18.99%	13.04%	8.47
66	38.60%	61.40%	11.66%	7.33%	4.84
67	38.00%	62.00%	7.23%	4.43%	2.97
68	46.40%	53.60%	3.88%	3.35%	2.28
69	37.50%	62.50%	2.42%	1.45%	1.00
70	100.00%	0.00%	0.00%	2.42%	1.70
				100.00%	

Average Retirement Age: 62

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA Traditional Hourly

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	9.70%	90.03%	90.03%	9.70%	5.33
56	8.80%	91.20%	82.35%	7.95%	4.45
57	6.98%	93.02%	76.60%	5.75%	3.28
58	9.85%	90.15%	69.05%	7.55%	4.38
59	13.74%	86.26%	59.56%	9.49%	5.60
60	17.08%	82.91%	49.38%	10.18%	6.11
61	18.02%	81.98%	40.48%	8.90%	5.43
62	28.08%	71.92%	29.11%	11.37%	7.05
63	28.48%	71.52%	20.82%	8.29%	5.22
64	22.74%	77.26%	16.09%	4.73%	3.03
65	37.30%	62.70%	10.09%	6.00%	3.90
66	43.60%	56.40%	5.69%	4.40%	2.90
67	38.33%	61.67%	3.51%	2.18%	1.46
68	34.38%	65.63%	2.30%	1.21%	0.82
69	40.63%	59.38%	1.37%	0.94%	0.65
70	100.00%	0.00%	0.00%	1.37%	0.96
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC Traditional Hourly

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	5.40%	94.60%	94.60%	5.40%	2.97
56	5.80%	94.20%	89.11%	5.49%	3.07
57	5.70%	94.30%	84.03%	5.08%	2.90
58	6.10%	93.90%	78.91%	5.13%	2.97
59	10.00%	90.00%	71.02%	7.89%	4.66
60	17.30%	82.70%	58.73%	12.29%	7.37
61	15.40%	84.60%	49.69%	9.04%	5.52
62	27.90%	72.10%	35.82%	13.86%	8.59
63	32.20%	67.80%	24.29%	11.54%	7.27
64	28.70%	71.30%	17.32%	6.97%	4.46
65	42.90%	57.10%	9.89%	7.43%	4.83
66	45.00%	55.00%	5.44%	4.45%	2.94
67	41.70%	58.30%	3.17%	2.27%	1.52
68	41.70%	58.30%	1.85%	1.32%	0.90
69	39.30%	60.70%	1.12%	0.73%	0.50
70	100.00%	0.00%	0.00%	1.12%	0.79
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA PEP Salaried

Description of Weighted Average Retirement Age

<u>Age</u>	<u>Retirement Rate</u>	<u>1.00 - Retirement Rate</u>	<u>Probability of Remaining Active</u>	<u>Percentage Retiring at Age</u>	<u>Age Times Percentage Retiring</u>
55	9.21%	90.79%	90.79%	9.21%	5.06
56	10.44%	89.56%	81.32%	9.48%	5.31
57	10.08%	89.92%	73.12%	8.19%	4.67
58	11.42%	88.58%	64.77%	8.35%	4.84
59	12.36%	87.64%	56.76%	8.01%	4.73
60	15.68%	84.32%	47.86%	8.90%	5.34
61	18.32%	81.68%	39.09%	8.77%	5.35
62	24.49%	75.51%	29.52%	9.58%	5.94
63	22.35%	77.65%	22.92%	6.60%	4.16
64	21.73%	78.27%	17.94%	4.98%	3.19
65	42.32%	57.68%	10.35%	7.59%	4.94
66	41.97%	58.03%	6.00%	4.34%	2.87
67	41.94%	58.06%	3.49%	2.52%	1.69
68	39.61%	60.39%	2.11%	1.38%	0.94
69	38.75%	61.25%	1.29%	0.82%	0.56
70	100.00%	0.00%	0.00%	1.29%	0.90
				100.00%	

Average Retirement Age: 60

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NPPC PEP Salaried

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
54	6.62%	93.38%	93.38%	6.62%	3.58
55	6.62%	93.38%	87.19%	6.19%	3.40
56	6.58%	93.42%	81.45%	5.74%	3.21
57	6.77%	93.23%	75.93%	5.52%	3.15
58	6.26%	93.74%	71.18%	4.75%	2.76
59	6.38%	93.62%	66.64%	4.54%	2.68
60	10.97%	89.03%	59.33%	7.31%	4.39
61	6.92%	93.08%	55.23%	4.11%	2.51
62	20.33%	79.67%	44.00%	11.23%	6.96
63	21.52%	78.48%	34.53%	9.47%	5.97
64	18.14%	81.86%	28.27%	6.26%	4.01
65	36.84%	63.16%	17.85%	10.41%	6.77
66	41.00%	59.00%	10.53%	7.32%	4.83
67	38.64%	61.36%	6.46%	4.07%	2.73
68	30.00%	70.00%	4.52%	1.94%	1.32
69	41.67%	58.33%	2.64%	1.89%	1.30
70	100.00%	0.00%	0.00%	2.64%	1.85
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: NUSA PEP Hourly

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	8.11%	91.89%	91.89%	8.11%	4.46
56	6.59%	93.41%	85.83%	6.06%	3.39
57	7.93%	92.07%	79.02%	6.81%	3.88
58	7.85%	92.15%	72.82%	6.20%	3.60
59	9.24%	90.76%	66.10%	6.73%	3.97
60	10.12%	89.88%	59.41%	6.69%	4.01
61	10.33%	89.67%	53.28%	6.14%	3.74
62	21.71%	78.29%	41.71%	11.57%	7.17
63	20.33%	79.67%	33.23%	8.48%	5.34
64	17.18%	82.82%	27.52%	5.71%	3.65
65	38.43%	61.57%	16.94%	10.58%	6.87
66	33.51%	66.49%	11.27%	5.68%	3.75
67	40.91%	59.09%	6.66%	4.61%	3.09
68	30.56%	69.44%	4.62%	2.03%	1.38
69	32.14%	67.86%	3.14%	1.49%	1.03
70	100.00%	0.00%	0.00%	3.14%	2.20
				100.00%	

Average Retirement Age: 62

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: Gerber Life

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	4.00%	96.00%	96.00%	4.00%	2.20
56	4.79%	95.21%	91.40%	4.60%	2.57
57	6.50%	93.50%	85.46%	5.94%	3.39
58	4.97%	95.03%	81.21%	4.25%	2.46
59	3.92%	96.08%	78.03%	3.18%	1.88
60	7.73%	92.27%	72.00%	6.03%	3.62
61	6.30%	93.70%	67.46%	4.54%	2.77
62	24.07%	75.93%	51.23%	16.24%	10.07
63	19.15%	80.85%	41.42%	9.81%	6.18
64	13.03%	86.97%	36.02%	5.39%	3.45
65	60.72%	39.28%	14.15%	21.87%	14.22
66	62.92%	37.08%	5.25%	8.90%	5.87
67	74.73%	25.27%	1.33%	3.92%	2.63
68	51.25%	48.75%	0.65%	0.68%	0.46
69	51.25%	48.75%	0.32%	0.33%	0.23
70	100.00%	0.00%	0.00%	0.32%	0.22
				100.00%	

Average Retirement Age: 62

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: Franklin Park

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	3.13%	96.87%	96.87%	3.13%	1.72
56	3.56%	96.44%	93.42%	3.45%	1.93
57	3.44%	96.56%	90.21%	3.21%	1.83
58	4.18%	95.82%	86.44%	3.77%	2.19
59	3.42%	96.58%	83.48%	2.96%	1.74
60	3.22%	96.78%	80.79%	2.69%	1.61
61	5.83%	94.17%	76.09%	4.71%	2.87
62	17.35%	82.65%	62.89%	13.20%	8.18
63	15.71%	84.29%	53.01%	9.88%	6.22
64	12.71%	87.30%	46.27%	6.73%	4.31
65	38.29%	61.71%	28.56%	17.72%	11.52
66	40.69%	59.31%	16.94%	11.62%	7.67
67	41.42%	58.58%	9.92%	7.02%	4.70
68	37.20%	62.81%	6.23%	3.69%	2.51
69	38.56%	61.44%	3.83%	2.40%	1.66
70	100.00%	0.00%	0.00%	3.83%	2.68
				100.00%	

Average Retirement Age: 63

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Participant Group: Infant Nutrition

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
55	7.50%	92.50%	92.50%	7.50%	4.13
56	10.00%	90.00%	83.25%	9.25%	5.18
57	8.50%	91.50%	76.17%	7.08%	4.03
58	11.00%	89.00%	67.79%	8.38%	4.86
59	10.00%	90.00%	61.02%	6.78%	4.00
60	16.50%	83.50%	50.95%	10.07%	6.04
61	19.00%	81.00%	41.27%	9.68%	5.90
62	27.50%	72.50%	29.92%	11.35%	7.04
63	20.00%	80.00%	23.94%	5.98%	3.77
64	22.50%	77.50%	18.55%	5.39%	3.45
65	50.00%	50.00%	9.27%	9.27%	6.03
66	50.00%	50.00%	4.64%	4.64%	3.06
67	50.00%	50.00%	2.32%	2.32%	1.55
68	50.00%	50.00%	1.16%	1.16%	0.79
69	50.00%	50.00%	0.58%	0.58%	0.40
70	100.00%	0.00%	0.00%	0.58%	0.41
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 19
Discounted Employer Contributions
as of January 1, 2017

Date	Applicable Plan Year	Contribution	Interest Rate Used to Discount During Timely Contribution Period	Timely Contribution Period	Interest Rate Used to Discount During Late Contribution Period	Late Contribution Period	Interest Adjusted Contribution
01/31/2018	2017	\$74,464,500	5.84%	1.08 years			\$70,028,276
04/02/2018	2017	\$74,464,500	5.84%	1.25 years			\$69,367,153
07/31/2018	2017	\$66,000,000	5.84%	1.58 years			\$60,345,442
Total		\$214,929,000					\$199,740,871

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB Line 7

Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding Balance

Effective December 31, 2016, the Nestlé Infant Nutrition Pension Plan (EIN:95-1572209; PN:110) merged into the Nestlé Pension Plan (EIN:95-1572209; PN:100).

Due to the plan merger, the carryover balance reported on line 7(a) of the 2017 Schedule SB for the Nestlé Pension Plan is the sum of the entries from lines 13 from the 2013 Schedules SB for the pre-merger plans, determined as follows:

Schedule SB Line	Amount
2016 Nestlé Pension Plan (100) – line 13:	\$851,765,508
2016 Nestlé Infant Nutrition Pension Plan (110) – line 13:	\$16,314,023
2017 Nestlé Pension Plan (100) – line 7:	\$868,079,531

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

Nestlé USA Inc. – Nestlé Pension Plan

EIN: 95-1572209

Plan Number: 100

Attachments to 2017 Schedule SB (Form 5500)

- ☐ Schedule SB – Statement by Enrolled Actuary
- ☐ Line 7 — Explanation of Discrepancy in Prior Year Funding Standard Carryover Balance or Prefunding Balance
- ☐ Line 19 — Discounted Employer Contributions
- ☐ Line 22 — Description of Weighted Average Retirement Age
- ☐ Line 24 — Change in Actuarial Assumptions
- ☐ Line 26 — Schedule of Active Participant Data
- ☐ Part V — Statement of Actuarial Assumptions and Methods
- ☐ Part V — Summary of Plan Provisions

Nestlé USA, Inc. – Nestlé Pension Plan

EIN: 95-1572209 PN: 100

2017 Schedule H Part IV, Line 4I- Has the plan failed to provide any benefit when due under the plan?

2017 Schedule H Part IV, Line 4I- Has the plan failed to provide any benefit when due under the plan?

Name of Sponsor/Plan: Nestlé USA, Inc. – Nestlé Pension Plan

EIN: 95-1572209 PN: 100

In responding to this item we have disregarded benefits related to participants whom the plan administrator has attempted without success to locate, and therefore are “missing” or “lost” participants, including without limitation those whose benefits have been forfeited under the plan provisions related to missing participants, or who have otherwise failed to make a claim for benefits as provided under the plan.

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Nestlé Pension Plan (Nestlé USA employees and NPPC salaried employees hired after 2002)

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2015.

Covered employees	Salaried employees and certain nonunion hourly employees of Nestlé USA, and salaried employees of Nestlé Purina PetCare hired after 2002
Participation date	January 1, following date of hire
Type of plan	Three-year average earnings or pension equity

Definitions

Vesting service	From date of hire; for HandHeld Foods Group, from 9/12/2002
Credited service	From date of hire; for Beech-Nut, frozen as of 11/3/89; for Franklin Park, Bakersfield Hourly and Carnation, from 1/1/92; for Sunmark, from 6/1/88; for Alpo, from 12/31/94; for Stoughton, from 9/28/95; for HandHeld Foods Group, from 9/12/2002; for Joseph's Pasta, from 12/1/2006; for Nutrition, from 1/1/2010; for Pizza, from 3/1/2010; for Dreyer's, from 1/1/2011; for Pfizer, from 12/1/2012; for Nestlé Professional Beverage – Vitality, from 1/1/2014.
Pensionable earnings	Total compensation, including bonuses and overtime
Covered compensation	Average of Social Security wage bases over the 35 years prior to the year of termination
Average annual compensation	For pension equity highest of five consecutive calendar years out of the last ten years, divided by five. For three year average, highest three consecutive calendar years out of the last ten years, divided by three.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Accumulated benefit:

Covered employees have the pension equity formula, unless they chose to retain the final average earnings formula as of 5/1/2003. Frozen minimum FAE benefit as of 5/1/2003 applies to pension equity participants.

Pension equity: Lump sum equal to the sum of basic percentages, as shown below, for each year of credited service x FAE + 3.5% of FAE in excess of covered compensation x credited service.

Age + Points Service	Basic %
<40	4.0%
40 – 49	5.0%
50 – 59	6.0%
60 – 69	8.0%
70 – 79	10.0%
80 – 89	12.0%
> 89	15.0%

Final average earnings (FAE): .9% of FAE x credited service limited to 35 years + .5% of FAE in excess of covered compensation x credited service limited to 35 years; for employees who were participants on 1/1/89, an additional .3% of FAE x credited service on 1/1/89 limited to 35 years; for former Carnation employees, add the final average pay accrued benefit as of 12/31/91 x the ratio of FAE at termination to FAE on 12/31/91.

Eligibility for Benefits

Normal retirement	Retirement on or after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing ten years of vesting service
Postponed retirement	Retirement after attaining age 65
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability after completing three years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately.
Early retirement	FAE accrued benefit reduced 3.0% for each year prior to age 62; pension equity benefit payable immediately
Postponed retirement	Accrued benefit payable immediately.
Vested termination	FAE accrued benefit payable unreduced at age 65, or reduced 6.0% for each year prior to age 65; pension equity benefit payable immediately.
Disablement	Accrued benefit payable at actual retirement, with service credited during disability, and based upon pensionable earnings at date of disability.
Preretirement death	If married, reduced 100% joint & survivor early retirement FAE benefit if attained age 55 or 100% joint and survivor early retirement FAE benefit for all others reduced to be payable at age at death. The pension equity benefit is payable immediately to any beneficiary.

Other Plan Provisions

Forms of payment	
Normal form	Life annuity for single participants; 100% joint and survivor for married participants
Optional forms	50% or 100% joint and survivor annuity; 10 year certain and life (if hired before 5/1/2003); lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Nestlé Traditional benefit	<ul style="list-style-type: none">• 8.00%	1) Single Life Annuity
<u>Eligible for early retirement factors</u>	<ul style="list-style-type: none">• 1971 TPF&C Forecast set back 3 years	2) 50%, 75%* & 100% Joint Survivor Annuity
No grandfathered prior plan benefits, OR with the following prior plans (but only if Nestlé benefit wins):		3) 10 year Certain and Life Annuity
Beechnut		4) Lump Sum
Hills Bros.		5) 5 year Certain and Life Annuity for Hills Bros. only
NFC post-1988 terminations		
Carnation #2 post-1991 terminations		
Clintec		

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Traditional benefit

Deferred vested commencements with deferred vested factors

No grandfathered prior plan benefits, **OR** with the following prior plans (but only if Nestlé benefit wins):

Beechnut

Hills Bros.

NFC post-1988 terminations

Carnation #2 post-1991 terminations **OR** post-55 commencement of excess/ residual piece for the following prior plans:

Clintec

Hills Bros.

- 8.00%
- 1971 TPF&C Forecast set back 3 years

- 1) Single Life Annuity
- 2) 50%, 75%* & 100% Joint Survivor Annuity
- 3) 10 year Certain and Life Annuity
- 4) Lump Sum

* The 75% Joint Survivor Annuity is only available to participants who terminated prior to May 1, 2003.

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Carnation Plan #2	<ul style="list-style-type: none"> Formula-based 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity (post-1991 only) 4) Lump Sum
a) Terminations before 12/31/1985 b) Pre-1992 terminations after 12/30/1985 c) Post-1991 terminations & Carnation wins		
Nestlé Traditional benefit / Clintec** & <u>Clintec benefit wins</u>	<ul style="list-style-type: none"> 7.00% 1983 GAM 	<ol style="list-style-type: none"> 1) Single Life Annuity 2) 50%, 75%* & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum
a) Lump sum available b) No lump sum available		

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Traditional benefit / prior plans Deferred vested commencements

- o Beechnut prior plan wins
 - o Hills Bros. pre-55 commencement of "Hills portion" only
 - o Hills Bros. post-55 commencement & prior plan wins
 - o NFC post-1988 terminations pre-55 commencements of "NFC portion" only
 - o NFC post-1988 terminations, post-55 commencements of NUSA excess/residual piece
 - o NFC post-11/30/1989 terminations, post-55 commencements of entire benefit & prior plan wins
 - o NFC terminations between 1/1/1989 & 11/30/1989, post-55 commencements of entire benefit
- Beech-Nut factors (for b1)
 - 8.00%, 1971 TPF&C Forecast set back 3 years (except Hills factors for 5 year Certain and Life Annuity) (for h)
 - 8.00%, 1971 TPF&C Forecast set back 3 years (for n)
- 1) Single Life Annuity
 - 2) 50%, 75%* & 100% Joint Survivor Annuity
 - 3) 10 year Certain and Life Annuity
 - 4) 5 year Certain and Life Annuity for Hills Bros. only
 - 5) Lump Sum

* The 75% Joint Survivor Annuity is only available to participants who terminated prior to May 1, 2003.

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Prior NFC participants who terminated before 1/1/1989 (married participants only)	<ul style="list-style-type: none"> 6.00% 1979 Buck (80% male set back 1 year, 20% female set back 3 years) 	<ol style="list-style-type: none"> Single Life Annuity 50% & 100% Joint Survivor Annuity
Nestlé Account Benefit No grandfathered prior plan benefits (i.e., participants hired on or after January 1, 2003) OR with grandfathered Nestlé Traditional Benefit or prior plans and Account Benefit wins for all forms	<ul style="list-style-type: none"> Applicable interest rates and mortality 	<ol style="list-style-type: none"> Single Life Annuity 50% & 100% Joint Survivor Annuity Lump Sum
Nestlé Account Benefit With grandfathered Nestlé Traditional Benefit OR other grandfathered prior plan benefits	<ul style="list-style-type: none"> Applicable interest rates and mortality (for a) 8.00%, 1971 TPF&C Forecast set back 3 years (for b & c) 	<ol style="list-style-type: none"> Single Life Annuity 50% & 100% Joint Survivor Annuity 10 year Certain and Life Annuity Lump Sum 75% Joint Survivor Annuity (b and c only)
<ol style="list-style-type: none"> Winning for at least one (but not all) optional forms NUSA winning for all optional forms eligible for early retirement factors NUSA winning for all optional forms deferred vested commencements with deferred vested factors 		

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Pension Plan (NPPC salaried employees hired prior to 2003 and NPPC hourly employees)

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2015.

Covered employees	Salaried employees hired prior to 2003 and hourly employees of Nestlé Purina PetCare
Participation date	January 1 following date of hire
Type of plan	Five-year average earnings or pension equity for salaried employees; career average earnings for hourly employees

Definitions

Vesting service	From date of hire
Credited service	From date of hire
Pensionable earnings	Total compensation, including bonuses and overtime
Covered compensation	Average of Social Security wage bases over the 35 years prior to the year of termination.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Accumulated benefit:

Salaried employees have the pension equity formula, unless they chose the final average earnings formula as of 1/1/99. Hourly employees have the career average earnings formula. Some participants have the supplemental cash balance benefit.

Final average earnings (FAE): $1.545\% \text{ of FAE} \times \text{credited service limited to 40 years} - 51.5\% \text{ of Social Security benefit} \times \text{credited service} \div \text{the greater of projected credited service at NRD or 30 years}$.

Pension equity: Sum of basic percentages, the greater of the two percentages shown below, for each year of credited service $\times$ FAE + 3.5% of FAE in excess of covered compensation $\times$ credited service, converted to a five-year certain and life annuity.

Years of Credited Service	Purina Basic %	Age + Points Service	Nestlé Basic %*
0 – 5	4.0%	< 40	4.0%
6-10	5.0%	40 – 49	5.0%
11-15	6.5%	50 – 59	6.0%
16-20	8.0%	60 – 69	8.0%
>20	10.0%	70 – 79	10.0%
		80 – 89	12.0%
		> 89	15.0%

*Applies only to 2003 and later.

Career average earnings (CAE): $1.75\% \text{ of earnings for each year after 1998} + 1.25\% \text{ of earnings for each year after 1988 and before 1999} + 1.0\% \text{ of FAE as of 12/31/1988} \times \text{credited service as of 12/31/1988}$.

Cash balance benefit: Cash balance as of 12/31/2002, plus interest credits, converted to a five-year certain and life annuity. Interest credits are based on 30-year Treasury rates.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Eligibility for Benefits

Normal retirement	Retirement on or after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing two years of vesting service
Postponed retirement	Retirement after attaining age 65
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability after completing three years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately.
Early retirement	Accrued FAE or CAE benefit reduced 5.0% for each year prior to age 62; pension equity or cash balance benefit payable immediately
Postponed retirement	Accrued benefit payable immediately.
Vested termination	Accrued FAE or CAE benefit payable unreduced at age 65 or reduced 5.0% for each year prior to age 65; pension equity benefit or cash balance payable immediately
Disablement	Accrued benefit payable at NRD with service credited during disability, and based upon pensionable earnings at date of disability. 15-year service requirement for CAE participants
Preretirement death	If married, reduced 100% joint & survivor early retirement benefit if attained age 55 or 100% joint and survivor early retirement benefit for all others reduced to be payable at age at death. For pension equity and cash balance account, lump sum payment of the pension equity benefit and cash balance account.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Forms of payment	
Normal form	Five-year certain and life for single participants; 100% joint and survivor for married participants
Optional forms	50% or 100% joint and survivor annuity; 10 year certain and life annuity; life annuity; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
NPPC Traditional Benefit OR Career Average Pay Benefit	<ul style="list-style-type: none"> Formula-based 	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity with pop-up 3) 10 year Certain and Life Annuity 4) Level income / any other form 5) Lump Sum
a) Eligible for early retirement		
b) Deferred vested commencements		

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

NPPC Account Benefit OR
NPPC PPMA Cash Balance

- Formula-based

- Eligible for early retirement level income option; under age 62
- Eligible for deferred vested level income option; under age 62
- Eligible for early retirement; age 62 and older
- Eligible for deferred vested retirement; age 62 and older

- 1) Single Life Annuity
- 2) 50% & 100% Joint Survivor Annuity with pop-up
- 3) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity
- 4) Level income / any other form
- 5) Lump Sum

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Pension Plan (Formerly Franklin Park Cash Balance)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Pension Plan.

The most recent amendment reflected in the following plan provisions was effective on December 18, 1994.

Covered employees	Salaried employees at Franklin Park
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Type of plan	Cash balance
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Definitions

Membership service	From date of hire
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Credited service	From date of hire
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Credited balance	Credited balance as of December 31, 1991, plus interest credits
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Accumulated benefit:	Credit balance increased with interest at PBGC deferred rate to NRD, converted to a life annuity using PBGC immediate rate
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Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing three years of vesting service
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Early retirement	Retirement before NRD and on or after both attaining age 50 and completing three years of vesting service
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Postponed retirement	Retirement after attaining age 65
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Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
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Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service
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Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately or credited balance divided by 8.2
Early retirement	Accrued benefit actuarially reduced or credited balance divided by a factor varying by age (from 8.2 at age 55 to 9.0 at age 50)
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit payable unreduced at age 65, actuarially reduced for early commencement
Preretirement death	If married, credit balance divided by PBGC factor at date of death or credit balance as a lump sum for all others.

Other Plan Provisions

Normal form of payment	Life annuity
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park Cash Balance	<ul style="list-style-type: none"> 8.00% 1971 TPF&C Forecast set back 3 years 	<ol style="list-style-type: none"> Single Life Annuity 50% & 100% Joint Survivor Annuity 10 year Certain and Life Annuity Lump Sum

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Infant Nutrition Pension Plan

Plan Provisions

Effective December 31, 2016, this plan merged into the Nestlé Pension Plan.

The most recent amendment reflected in the following plan provisions was effective in 2015.

Covered employees Salaried employees, part-time sales and office employees, and hourly-paid employees formerly of Gerber Products.

Participation date Age 21 and one year of service. Closed to new entrants effective December 31, 2004.

Type of plan Frozen pension equity plan

Definitions

Vesting service The number of completed full plan years of employment with the Company or any affiliate in which the employee works 975 hours. Service prior to January 1, 1998 is based on prior plan provisions. Automatic vesting was granted on September 1, 2007.

Credited service Same as vesting service. Service was frozen as of December 31, 2004.

Pensionable earnings Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.

Covered compensation Average of Social Security wage bases over the 35 years prior to the participant's Social Security Normal Retirement Age (SSNRA).

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date January 1, 2017

SCHEDULE SB ATTACHMENTS

Accumulated benefit:

Lump Sum Benefit: A participant's Lump Sum Benefit is equal to the following calculated as if the person terminated employment on December 31, 2004:

1. The sum of base credits (see below) times Final Average Pay
plus
2. The sum of Excess Credits (see below) times Final Average Pay greater than covered compensation

**Sum of Attained Age
and Year of Credited
Service During the**

<u>Plan Year</u>	<u>Base Credits</u>	<u>Excess Credits</u>
0 – 34	2.0%	1.0%
35 – 39	3.0%	1.5%
40 – 44	4.0%	2.0%
45 – 49	5.0%	2.5%
50 – 54	6.0%	3.0%
55 – 59	8.0%	4.0%
60 +	10.0%	5.0%

Adjusted Lump Sum Benefit: A participant's Adjusted Lump Sum Benefit is equal to the Participant's Lump Sum Benefit increased by 5% per year from the earlier of the date of the Participant's termination of employment and December 31, 2004 to the Participant's Annuity Starting Date.

Pension Equity Benefit: The monthly amount of each Participant's Pension Benefit is equal to the amount, determined on an Actuarial Equivalent basis, of the Participant's Adjusted Lump Sum Benefit expressed as a life annuity payable on the Participant's Annuity Starting Date.

Grandfathered Benefit: The benefit, determined in accordance with the plan in effect prior to 2002, for participants who were accruing benefits under the prior plan as of January 1, 2000.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Eligibility for Benefits

Normal retirement	Retirement on SSNRA
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing three years of vesting service
Postponed retirement	Retirement after SSNRA
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service.

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Early retirement	Accrued benefit determined as of early retirement date is equal to the greater of (a) and (b) below: (a) The Grandfathered Benefit reduced according to the prior plan provision. (b) Actuarial equivalent of the Adjusted Lump Sum Benefit.
Postponed retirement	Accrued benefit (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date, reduced by certain other benefits provided by or at the expense of the company.
Preretirement death	100% of the lump sum balance as of time of death or an actuarially equivalent annuity. For grandfathered participants, spouse will receive a survivor benefit equal to the greater of the survivor benefit determined under the PEP formula or the prior plan formula.

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Forms of payment

Normal form	Life annuity
Optional forms	100%, 75%, or 50% contingent annuitant; five, ten or fifteen year certain and life; level income; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Form Conversion Factors¹

Optional form conversion factors are the actuarial equivalent factors determined using the following assumptions.

	Mortality Assumption	Interest Assumption
▶ Single Sum distributions (from Grandfathered Benefit)	Section 417 mortality	Section 417 interest rates
▶ Annuity forms of payment (from Pension Equity Benefit)	GATT Mortality Table frozen as of earlier of DOT and 12/31/2004 ²	GATT Interest Rate (yield on 30-year Treasury Bonds) from November of previous year frozen as of earlier of DOT and 12/31/2004 ²
▶ All others	1983 Group Annuity Mortality Table ³	8.5%

Notes

- Information shown applies to the majority of participants covered under this plan; some small groups of grandfathered participants (CWT, Indianapolis Hourly, Novartis Consumer Health and Ciba Salaried) have optional forms provided on a separate basis. See plan document for more information.
- Plan Year 2000 – 6.15% and 1983 GAM Table (blended 50% male/50% female)
Plan Year 2001 – 5.78% and 1983 GAM Table (blended 50% male/50% female)

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Plan Year 2002 – 5.12% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2003 – 4.96% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2004+ – 5.12% and 1994 GAR Table (blended 50% male/50% female)

3. The actuarial equivalent shall be 50% of the actuarial equivalent using male mortality rates only plus 50% of the actuarial equivalent using female mortality rates only.

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Nestlé Pension Plan (Formerly Gerber Life Insurance Company Retirement Plan)

Plan Provisions

Effective December 31, 2013, this plan merged into the Nestlé Pension Plan.

The most recent amendment reflected in the following plan provisions was effective in 2015.

Covered Employees	Salaried employees of Gerber Life Insurance Company
Participation Date	Age 21 and one year of service. Closed to new entrants effective December 31, 2004.
Type of plan:	Frozen pension equity plan

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 975 hours. Service prior to January 1, 1998 is based on prior plan provisions. Automatic vesting was granted on September 1, 2007.
Credited service	Same as vesting service. Service was frozen as of December 31, 2004.
Pensionable earnings	Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.
Covered compensation	Average of Social Security wage bases over the 35 years prior to the participants Social Security Normal Retirement Age (SSNRA).

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Accumulated benefit:

Lump Sum Benefit: A participant's Lump Sum Benefit is equal to the following calculated as if the person terminated employment on December 31, 2004:

1. The sum of base credits (see below) times Final Average Pay
plus
2. The sum of Excess Credits (see below) times Final Average Pay greater than covered compensation

**Sum of Attained
Age and Year of
Credited Service
During the Plan**

<u>Year</u>	<u>Base Credits</u>	<u>Excess Credits</u>
0 – 34	2.0%	1.0%
35 – 39	3.0%	1.5%
40 – 44	4.0%	2.0%
45 – 49	5.0%	2.5%
50 – 54	6.0%	3.0%
55 – 59	8.0%	4.0%
60 +	10.0%	5.0%

Adjusted Lump Sum Benefit: A participant's Adjusted Lump Sum Benefit is equal to the Participant's Lump Sum Benefit increased by 5% per year from the earlier of the date of the Participant's termination of employment and December 31, 2004 to the Participant's Annuity Starting Date.

Pension Equity Benefit: The monthly amount of each Participant's Pension Benefit is equal to the amount, determined on an Actuarial Equivalent basis, of the Participant's Adjusted Lump Sum Benefit expressed as a life annuity payable on the Participant's Annuity Start Date.

Grandfathered Benefit: The benefit, determined in accordance with the plan in effect prior to 2002, for participants who were accruing benefits under the prior plan as of January 1, 2002.

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Eligibility for Benefits

Normal retirement	Retirement on SSNRA
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing three years of vesting service
Postponed retirement	Retirement after SSNRA
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Early retirement	Accrued benefit determined as of early retirement date is equal to the greater of (a) and (b) below: (a) The Grandfathered Benefit reduced according to the prior plan provision. (b) Actuarial equivalent of the Adjusted Lump Sum Benefit.
Postponed retirement	Accrued benefit (greater of Pension Equity Benefit and Grandfathered Benefit) payable immediately.
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date, reduced by certain other benefits provided by or at the expense of the company.
Preretirement death	100% of the lump sum balance as of time of death or an actuarially equivalent annuity. For grandfathered participants, spouse will receive a survivor benefit equal to the greater of the survivor benefit determined under the PEP formula or the prior plan formula.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Forms of payment

Normal form

Optional forms 100%, 75%, or 50% contingent annuitant; five, ten or fifteen year certain and life; level income; lump sum

Pension increases None

Plan participants' contributions None

Maximum on benefits and pay All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Optional Form Conversion Factors¹

Optional form conversion factors are the actuarial equivalent factors determined using the following assumptions.

	Mortality Assumption	Interest Assumption
▶ Single Sum distributions (from Grandfathered Benefit)	Section 417 mortality	Section 417 interest rates
▶ Annuity forms of payment (from Pension Equity Benefit)	GATT Mortality Table frozen as of earlier of DOT and 12/31/2004 ²	GATT Interest Rate (yield on 30-year Treasury Bonds) from November of previous year frozen as of earlier of DOT and 12/31/2004 ²
▶ All others	1983 Group Annuity Mortality Table ³	8.5%

Notes

- Information shown applies to the majority of participants covered under this plan; some small groups of grandfathered participants (CWT, Indianapolis Hourly, Novartis Consumer Health and Ciba Salaried) have optional forms provided on a separate basis. See plan document for more information.
- Plan Year 2000 – 6.15% and 1983 GAM Table (blended 50% male/50% female)
Plan Year 2001 – 5.78% and 1983 GAM Table (blended 50% male/50% female)

Plan Name: Nestlé Pension Plan
 EIN / PN: 95-1572209 / 100
 Plan Sponsor: Nestlé USA, Inc.
 Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Plan Year 2002 – 5.12% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2003 – 4.96% and 1994 GAR Table (blended 50% male/50% female)
Plan Year 2004+ – 5.12% and 1994 GAR Table (blended 50% male/50% female)

3. The actuarial equivalent shall be 50% of the actuarial equivalent using male mortality rates only plus 50% of the actuarial equivalent using female mortality rates only.

Future Plan Changes

No future plan changes were recognized in determining pension cost, plan accounting liabilities, or minimum and maximum contributions

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Plan Name:	Nestlé Pension Plan
EIN / PN:	95-1572209 / 100
Plan Sponsor:	Nestlé USA, Inc.
Valuation Date	January 1, 2017

SCHEDULE R ATTACHMENTS

Schedule R, line 18
Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

Plan Name	Nestlé Infant Nutrition Pension Plan	Nestlé Pension Plan
Employer ID Number	95-1572209	95-1572209
Plan Number	110	100
Funding Percentage at 1/1/2016	139.8%	106.4%

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

The following actuarial assumptions used to produce the information submitted on this schedule have been changed:

- The annual rate of increase for compensation was changed from 3.50% to 3.00%.
- The annual rate of increase for Social Security wage base was changed from 3.00% to 2.50%.
- The annual rate of increase for statutory limits on compensation and benefits was changed from 2.50% to 2.00%.
- The administrative expense assumption was removed from the target normal cost as Nestlé has indicated that administrative expenses, other than the cost of managing plan assets, are not paid by the trust.

Plan Name: Nestlé Pension Plan
EIN / PN: 95-1572209 / 100
Plan Sponsor: Nestlé USA, Inc.
Valuation Date: January 1, 2017